

August 8, 1979

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10710
RECORDATION NO. Filed 1425

No.
Date AUG 8 1979
Fee \$ 50.00
Washington, D. C.

Secretary
Interstate Commerce Commission
Washington, D.C. 20423 INTERSTATE COMMERCE COMMISSION

AUG 8 1979 - 3 02 PM

Dear Sir:

Enclosed for recordation under the provisions of 49 U.S.C. §11303(a) and the regulations thereunder are the original and two copies each of a Security Agreement dated as of August 7, 1979 and a Management and Maintenance Contract dated as of August 8, 1979.

A general description of the railroad equipment covered by the enclosed documents is as follows:

One hundred (100) 100-ton open-top hopper cars bearing reporting marks and numbers UMP 6820 through UMP 6919, both inclusive.

The names and addresses of the parties to the enclosed documents are:

A. Security Agreement

DEBTOR: Funding Systems Railcars, Inc.
1000 RIDC Plaza
Pittsburgh, Pennsylvania 15238

SECURED PARTY: Lincoln First Bank N.A.,
One Lincoln First Square
Rochester, New York 14643

B. Management and Maintenance Contract

MANAGER: Upper Merion and Plymouth Railroad Company
Funding Systems Railcars, Inc.
%FSC Corporation
Suite 404
1000 RIDC Plaza
Pittsburgh, Pennsylvania 15218

OWNER: The Swig Investment Company
950 Mason Street
San Francisco, California 94106

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C. D. Karp
C. D. Karp

Secretary
August 8, 1979
Page Two

The undersigned is agent for the Debtor and Manager mentioned in the enclosed documents and has knowledge of the matters set forth therein.

Please return the copies of the enclosed Security Agreement and Management and Maintenance Contract to Charles T. Kappler, Esq., Alvord and Alvord, 200 World Center Building, 918 Sixteenth Street, N.W., Washington, D.C. 20006, or to the bearer hereof.

Also enclosed is a remittance in the amount of \$100 for the required recording fee.

Very truly yours,

ALVORD AND ALVORD
as Agent for FUNDING SYSTEMS
RAILCARS, INC., AND UPPER MERION
AND PLYMOUTH RAILROAD COMPANY

By Charles T. Kappler
Charles T. Kappler

10710

RECORDATION NO. Filed 1425

AUG 8 1979 - 3 31 PM

INTERSTATE COMMERCE COMMISSION

MANAGEMENT AND MAINTENANCE CONTRACT

Dated as of August 8, 1979

BETWEEN

UPPER MERION AND PLYMOUTH RAILROAD COMPANY

MANAGER

AND

THE SWIG INVESTMENT COMPANY

OWNER

080779/1899/B7

TABLE OF CONTENTS

<u>SECTION</u>	<u>HEADING</u>	<u>PAGE</u>
Parties		1
Recitals		1
1.	Management and Delivery of Equipment	2
1.1	Engagement	2
1.2	Certification	2
2.	Revenues, Management Fees, Operating Expenses and Payment Dates.	2
2.1	Revenues from Equipment	2
2.2	Management Fees	3
2.3	Revenue Disbursement Dates	3
2.4	Annual Reports	4
3.	Term of the Agreement	4
4.	Ownership and Marking of Equipment	4
4.1	Retention of Title	4
4.2	Duty to Number and Mark Equipment	4
4.3	Prohibition Against Certain Designations	5
5.	Enforcement of Warranties	5
6.	Duties of Manager and Indemnification	5
6.1	Duties of Manager	5
6.2	Indemnification	7
7.	Rules, Laws and Regulations	7

8.	Maintenance of Equipment	8
8.1	Standards of Maintenance	8
8.2	Improvements	8
8.3	Maintenance Fee	8
9.	Liens on the Equipment	9
10.	Filing, Payment of Expenses and Taxes	10
10.1	Filing, Expenses	10
10.2	Payment of Taxes	11
11.	Car Hire Relief	12
12.	Insurance	12
12.1	Insurance	12
12.2	Application of Insurance Proceeds	14
13.	Status Reports and Inspection	15
13.1	Status Reports	15
13.2	Owner's Equipment Inspection Rights	15
13.3	Other Reports and Inspection Rights	15
14.	Return of Equipment Upon Expiration of Term	16
15.	Default	17
15.1	Events of Default	17
15.2	Cumulative Remedies	19
15.3	Owner's Exercise of Its Rights	19

16.	Return of Equipment Upon Default	19
16.1	Manager's Duty to Return	19
16.2	Specific Performance	20
16.3	Manager's Waiver	20
17.	Performance Standards	20
18.	No Transfer by Manager	21
19.	Cancellation	22
20.	No Joint Venture or Partnership	22
21.	Foreign Usage	22
22.	Compliance with Finance Agreement	23
23.	Parity Loading	23
24.	Subordination	23
25.	Representations	23
25.1	Representations and Warranties of Manager	23
25.2	Representations and Warranties of the Owner	25
26.	Miscellaneous	25
26.1	Additional Documents	25
26.2	Notices	26
26.3	Approvals and Consents	26
26.4	Amendments	26
26.5	Successors and Assigns	26
26.6	Execution in Counterparts	27
26.7	Law Governing	27
26.8	Headings and Table of Contents	27
26.9	Severability; Effect and Modification of the Agreement	27

ATTACHMENTS TO MANAGEMENT AGREEMENT

SCHEDULE A -- Description of Equipment

**SCHEDULE B -- Certificate of Acceptance Under
Management Agreement**

MANAGEMENT MAINTENANCE CONTRACT

MANAGEMENT AGREEMENT dated as of August 8, 1979 (this "Agreement") between UPPER MERION AND PLYMOUTH RAILROAD COMPANY, a Pennsylvania corporation (the "Manager") and THE SWIG INVESTMENT COMPANY, a general partnership (the "Owner").

WITNESSETH:

WHEREAS, Lincoln First Bank N.A. (the "Secured Party" or "Note Purchaser") has entered into a Security Agreement dated as of August 7, 1979 (the "Finance Agreement") in order to finance the purchase of the railroad equipment described in Schedule A hereto (collectively, the "Equipment" or "Items of Equipment" or "Cars" and individually, an "Item of Equipment" or "Car"); and

and WHEREAS, the Owner is the owner of the Equipment;

WHEREAS, the Manager is engaged in the business, among other things, of managing railroad cars and the Owner and Manager desire that the Manager manage the Equipment, all upon the terms and conditions herein contained;

NOW THEREFORE, in consideration of these premises and of the fees to be paid and the covenants hereinafter contained the parties hereby agree as follows:

Section 1. MANAGEMENT AND DELIVERY OF EQUIPMENT.

1.1 Engagement. Owner hereby engages Manager as exclusive agent of Owner to manage the Cars, all on the terms and conditions set forth herein, and Manager accepts such engagement and agrees to act as agent for Owner and perform in accordance with the terms and conditions hereof.

1.2 Certification. Upon delivery of each Car, Manager shall execute and deliver to Owner a certificate of acceptance in the form of Schedule B hereto, certifying to Owner that the Car is in good working order and repair, meets all requirements and standards of the American Association of Railroads ("AAR"), U.S. Department of Transportation ("DOT"), Interstate Commerce Commission ("ICC"), insurers, local laws of jurisdiction in which the Car is expected to be used, and all filings, registrations and approvals of all governmental authorities and the AAR have been received and made and the Car may be placed in interchange service.

Section 2. REVENUES, MANAGEMENT FEES, OPERATING EXPENSES AND PAYMENT DATES.

2.1 Revenues From Equipment. As used in this Agreement, the term "Revenues" or "Gross Receipts" shall mean all income to Owner (unreduced by any expenses or costs) derived from the ownership, use and/or operation of the Cars, including, but not limited to, car hire charges for mileage, per diem and incentive per diem, if any. "Operating Expenses" shall mean all expenses and costs incurred in connection with the ownership, management, use and/or operation of Cars, including, but not limited to maintenance; repairs, except to the extent that the cost of such repairs is paid from the Maintenance Fee under Section 8 hereof; payments of Maintenance Fee; painting; costs of modifications and improvements); legal fees incurred in connection with enforcing Owner's rights or repossessing Cars; insurance; charges, assessments, or levies imposed upon or against Cars of whatever kind or nature; losses from liabilities; ad valorem, gross receipts and other property taxes; reasonable rent and storage expenses payable to third parties under Article 16; expenses for any car hire reclaim relief properly and reasonably allowed any railroad; Maintenance Fees under Section 8.3 hereof; and, only after payment of all other Operating Expenses, Management Fees, as hereinafter defined. Gross Receipts and/or Operating

Expenses attributable to a calendar quarter which are received or paid after the date of disbursement for such quarter shall be included in subsequent quarterly distributions and accounted for as Gross Receipts or Operating Expenses of that subsequent quarter. Net Revenues shall mean Gross Receipts less Operating Expenses. If the Revenues available are insufficient in any quarter to pay the Operating Expenses in such quarter, the Manager shall advance, on behalf of Owner, an amount equal to such deficiency as and when required and Owner shall reimburse Manager therefor within 30 days after notice thereof following the end of such quarter, it being agreed that all Operating Expenses in excess of Gross Receipts shall be Owner's sole responsibility, provided, however, Manager shall not advance and Owner need not reimburse for Management Fees under this Section, but without limiting the provisions of the last sentence of Section 2.2. No debt service shall be deemed an Operating Expense.

Manager shall collect all Revenues and, to the extent thereof, disburse the same on behalf of Owner in the following order of priority:

(i) first, if and to the extent that the debtor under the Finance Agreement shall fail to make any payment required to be made thereunder, when due, to pay an amount equal thereto to Secured Party;

(ii) second, to pay the Maintenance Fee provided in Section 8 hereof;

(iii) third, to pay all Operating Expenses theretofore incurred;

(iv) fourth, to pay to the holder of any lien on the Equipment securing indebtedness incurred by Owner in connection with the acquisition of the Equipment an amount equal to each payment thereunder, as and when the same shall become due and payable.

During the period from the date hereof to August 31, 1980, Manager's advance and Owner's reimbursement obligation provided in the first paragraph of this Section shall include Management Fees due for such period.

2.2 Management Fees. In consideration of the performance by Manager of services to be performed by Manager pursuant to this Agreement, the Owner shall pay, and the Manager shall accept, fees (the "Management Fees") equal to 20% of all Gross Receipts, excluding insurance or condemnation proceeds. Management Fees shall be due as and when Gross Receipts are received from time to time. Any Management Fees accrued during but unpaid upon the end of the term hereof, shall be paid by Owner to Manager within 30 days after a final account thereof is rendered.

2.3 Revenue Disbursement Dates. Subject to the provisions of the Finance Agreement, Net Revenues shall be disbursed by Manager to Owner, at its address set forth elsewhere in this Agreement, in quarterly installments within 30 days after the end of each calendar quarter accompanied by a statement indicating the computation thereof. The first installment of such net Revenues for each Item of Equipment shall be so disbursed on October 30, 1979. If any of the disbursement dates is not a business day, the disbursement otherwise to be made on such date shall be made on the next succeeding business day. For purposes of this Agreement, the term "business day" means calendar days, excluding Saturdays, Sundays and holidays on which banks in the Commonwealth of Pennsylvania are authorized or required by law to remain closed.

2.4 Annual Reports. Within 90 days after the close of each calendar year Manager will deliver to Owner a report of such independent certified public accountants as are then acting as accountants to Manager, as to their review (which review will not constitute, and is not intended to be equivalent to, an audit of the operation of the Cars) of the mathematical correctness of the computations made by Manager in the allocation of Gross Receipts, Operating Expenses and Net Revenues and the conformity of the accounting procedures followed by Manager to its obligations and duties under this Agreement. If such review shall disclose any overpayment or underpayment of Net Revenues or Management Fees, the amount thereof shall be promptly adjusted pursuant to the provisions of this Agreement.

Section 3. TERM OF THE AGREEMENT.

The term of this Agreement as to each Item of Equipment shall begin on the date of the delivery to and

certification by the Manager of such Item of Equipment as provided in Section 1.2 hereof and, subject to the provisions of Sections 15 and 19 hereof, shall terminate on December 31, 1999. The obligations of Owner and the Manager hereunder arising during the term of this Agreement or as may otherwise be specifically provided for herein shall survive the expiration of the term of this Agreement.

Section 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1 Retention of Title. The Owner shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to, and management thereof by, the Manager.

4.2 Duty to Number and Mark Equipment. The Manager will cause each Item of Equipment to be kept numbered with the identifying number as set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed upon each side of each Item of Equipment in letters not less than one inch in height such labeling as from time to time may be required by law in order to protect the title of the Owner to such Item of Equipment, its rights under this Agreement, the rights of the Secured Party and the rights of any other assignee or Secured Party and as required by any AAR or governmental requirements. The Manager will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Manager will not change the identifying number of any Item of Equipment except with the prior consent of the Owner in accordance with a statement of new identifying numbers to be substituted therefor, which consent and statement previously shall have been filed with the Owner by the Manager and filed, recorded or deposited in all public offices where this Agreement shall have been or shall be required to be filed, recorded or deposited, and the Manager shall have furnished to Owner an opinion of counsel to such effect.

4.3 Prohibition Against Certain Designations. Except as provided in this Section 4, the Manager will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might

be interpreted as a claim of ownership; provided, however, that the Manager may cause the Equipment to be lettered with the names or initials or other insignia customarily used for convenience of identification.

Section 5. ENFORCEMENT OF WARRANTIES.

So long as an Event of Default has not occurred and is not continuing hereunder, Owner hereby authorizes the Manager, and Manager hereby agrees, during the term of this Agreement to assert and enforce, from time to time, in the name and for the account of the Owner whatever claims and rights the Owner may have against any builders, or contractors in respect of the Equipment.

Section 6. DUTIES OF MANAGER AND INDEMNIFICATION

6.1 Duties of Manager. Manager shall provide and perform the services on behalf of Owner set forth below during the term of this Agreement:

(a) Immediately upon execution of this Agreement, or as soon thereafter as reasonably practicable, take possession of the Cars as agent for Owner for the purpose of managing and operating the Cars, as herein provided.

(b) Use its best efforts to keep such Cars in use for the term of this Agreement, with railroads, shippers or other financially responsible parties ("Users") for that purpose on terms and conditions which are customary in the industry but in no event shall Manager make leases without Owner's written consent, and pursuant to the interchange rules of the AAR, and orders of the ICC and taking such steps as may be required to insure that all obligations and duties arising thereunder are performed or complied with in an orderly and timely fashion, so as to maximize Revenues hereunder.

(c) Use its best efforts to insure that all steps are taken which may be necessary to have the Cars registered and accepted by all hauling carriers under the AAR.

(d) Collect or cause to be collected all payments and charges due with respect to the Cars, identifying itself as agent for that purpose, pay Operating Expenses therefrom and account for and remit all sums due to Owner as herein provided.

(e) Recover possession of Cars and enforce all rights of Owner with respect thereto, including the payment of all amounts owed thereunder or otherwise with respect to the Cars as shall be appropriate or necessary in the judgment of Manager exercised in good faith; and institute and prosecute legal proceedings in the name of Owner as and if permitted and/or recover possession of the Cars; and, when expedient, settle, compromise and/or release such actions or suits.

(f) Place in Owner's name such insurance as is hereinafter described.

(g) Pay in Owner's name all personal property taxes and other taxes, charges, assessments, or levies imposed upon or against the Cars of whatever kind or nature and, in Manager's discretion, defend against any such charges and seek revision of or appeal from any assessment or charge deemed improper, all such actions to be in the name of Owner.

(h) Monitor and record, or cause to be monitored and recorded, movement of the Cars.

(i) Maintain, or cause to be maintained, complete and accurate records of all transactions relating to the Cars.

(j) Provide Owner with advice and recommendations concerning the sale of the Cars.

(k) Furnish factual information reasonably requested by Owner in connection with Federal and State tax returns.

(l) Perform for Owner such other services incidental to the foregoing as may from time to time be reasonably necessary. All of the foregoing duties of Manager shall be subject to the further detailed provisions of this Agreement relating thereto, shall be performed in good faith in the best interests of Owner.

6.2 Indemnification. Owner shall defend (if such defense is tendered to Owner), indemnify and hold Manager harmless from and against any and all claims, actions, damages, expenses (including reasonable attorneys' fees), losses or liabilities incurred by or asserted against Manager as a result of the use, operation, possession, control, maintenance, repair or storage of the Cars; provided, however, that Owner shall not defend, indemnify or hold Manager harmless from and against and Manager shall not be exculpated from, any claim, action, damage, expense, loss or liability directly or indirectly caused by or arising from the negligence, bad faith, or misconduct of Manager or default by Manager hereunder.

Section 7. RULES, LAWS AND REGULATIONS.

The Manager shall cause the Equipment to comply, and require every user of an Item of Equipment to comply, in all respects with all laws and interchange rules of the Association of American Railroads and with all lawful rules of the DOT, the ICC and any other legislative, executive, administrative or judicial body exercising any power of jurisdiction over an Item of Equipment. In the event that such laws or rules require any alteration of an Item of Equipment, or in the event that any equipment or appliance of an Item of Equipment shall be required to be changed or replaced, or in the event that any additional or other equipment or appliance is required to be installed on an Item of Equipment in order to comply with such laws or rules ("Mandatory Alteration"), the Manager shall make such alterations, changes, replacements and additions; provided, however, that the Manager shall, in good faith, contest the validity or application of any such law or rule, which is customary in normal railcar operations to contest in any reasonable manner which does not, in the opinion of the Owner adversely affect the property or rights of the Owner.

Section 8. MAINTENANCE OF EQUIPMENT.

8.1 Standards of Maintenance. The Manager shall permit the Equipment to be used only in the manner for which it was designated and intended and so as to subject it only to ordinary wear and tear. The Manager shall maintain and keep each Item of Equipment in good order, condition and repair so that each Item will remain (a) in as good operating condition

as when delivered (ordinary wear and tear excepted), (b) in compliance with any and all applicable laws and regulations and (c) desirable to and suitable for use by a Class I railroad.

8.2 Improvements. Except as required by the provisions of Section 7 hereof, the Manager shall not make any permanent or other material modifications to any Item of Equipment without the prior written authority and approval of the Owner, which consent shall not be unreasonably withheld or delayed.

8.3 Maintenance Fee. In order to maintain the Equipment in accordance with this Section, a Maintenance Fee of \$2.15 per day shall be set aside as an Operating Expense by Manager for each Item of Equipment under this Agreement. The aggregate amount of any such fees held from time to time by the Manager shall be maintained by the Manager as trust funds in a segregated and separately maintained and identified interest bearing bank account and such fees in such account shall be used by the Manager solely to maintain the Equipment in accordance with the requirements of this Section 8. Any expenses for the maintenance required by this Section 8 which are in excess of such fees (and any increases thereof as provided below) in such account shall be paid by Manager and shall not be deemed an Operating Expense. Upon the expiration of this Agreement and the return of the Equipment pursuant to Section 14 hereof in the condition required by this Section 8 any excess amounts in such account or accounts shall be retained by and constitute the property of Manager, but if this Agreement is terminated by reason of default by Manager or cancellation by Manager, the excess amounts shall be paid to Owner forthwith.

If the labor rate established by the Association of American Railroads and in effect on December 31 of each year commencing December 31, 1980 (the Prevailing Labor Rate) shall differ from the labor rate so established and in effect on December 31, 1979 (the "Current Labor Rate"), the Maintenance Fee shall be adjusted to equal one half of the product of the Maintenance Fee and the quotient obtained by dividing the Prevailing Labor Rate by the Current Labor Rate. If the U.S. Wholesale Price Index for Metal and Metal Products in effect on December 31 of any year commencing December 31, 1980 ("Increase Rate") shall differ from such Index in effect on December 31, 1979 ("Basic Index") the Maintenance Fee shall be further adjusted to equal one half of the product of the Maintenance Fee and the quotient

obtained by dividing the Increased Rate by the Basic Index. Any such adjustment shall be instituted by notice from the Manager to the Owner and shall take effect on and after the date of such notice. Anything herein to the contrary notwithstanding, the Maintenance Fee shall not be adjusted below the minimum fee of \$2.15 per day for each Item of Equipment under this Agreement.

Section 9. LIENS CAUSED BY MANAGER

The Manager will promptly pay or discharge any and all sums claimed by any party as a result of the wrongful act or default in the performance by Manager of its obligations under this Agreement which, if unpaid, might become a lien, charge, security interest or other encumbrance upon or with respect to any Item of Equipment, including any accession thereto, or any part thereof or the interest of the Owner therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises; provided, however, that the Manager shall be under no obligation to pay or discharge such claim so long as it is contesting the validity thereof in good faith in a reasonable manner and by appropriate legal proceedings and the nonpayment thereof does not, in the opinion of the Owner, adversely affect the title, property or rights of the Owner or any assignee thereof. If any such claim shall have been charged or levied by anyone and in any manner against the Owner directly and shall have been paid by the Owner, the Manager shall reimburse the Owner on presentation of an invoice therefor, provided that the Owner shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Owner) or the Manager shall have approved the payment thereof.

Section 10. FILING, PAYMENT OF EXPENSES AND TAXES.

10.1 Filing, Expenses. Prior to delivery of an Item of Equipment, the Manager will cause this Agreement to be duly filed, registered or recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. Section 11303 and in such other places within or without the United States as Owner may reasonably request for the protection of its title and will furnish to Owner the proof thereof. The Manager will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, re-register or record whenever required) any and all further instruments required by law

or reasonably requested by the Owner for the purpose of protecting the Owner's title to the Equipment to the satisfaction of the Owner's counsel or for the purpose of carrying out the intention of this Agreement, and in connection with any such action will promptly deliver to Owner proof of such filings and an opinion of the Manager's counsel that such action has been properly taken. Manager shall prepare for filing all documents relating to the registration, maintenance and record-keeping functions for the Equipment in accordance with the rules and regulations of the Association of American Railroads, Interstate Commerce Commission, the Department of Transportation and any other governmental or industry authority. Such matters shall include (without limitation) the preparation of the following documents: (i) appropriate Association of American Railroad interchange agreements with respect to the Equipment; (ii) registration of each Item of Equipment in the Official Railway Equipment Register and the Universal Machine Language Equipment Register (such registration directing that correspondence from railroads using such Items of Equipment be addressed to the Manager); and (iii) such reports as may be required from time to time by the Interstate Commerce Commission and other regulatory agencies with respect to the Equipment. The Manager will pay all costs, charges and expenses incident to any such filing, refiling, recording and re-recording or depositing and re-depositing of any such instruments or incident to the taking of such action and the same shall not be deemed an Operating Expense.

10.2 Payment of Taxes. Manager shall cause to be paid as an Operating Expense any local, state, federal or foreign taxes (other than any United States federal, state or local income tax payable by the Owner on payments provided for herein) or license fees, assessments, charges, fines, interests and penalties (all such expenses, taxes, license fees, assessments, charges, fines, interests and penalties being hereinafter called Impositions) hereinafter levied or imposed upon or in connection with or measured by this Agreement or any sale, possession, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or in connection with the transactions contemplated herein. The Manager will also cause to be paid as an Operating Expense promptly all Impositions which may be imposed upon any Item of Equipment or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Owner solely by reason of its ownership thereof and will keep at all times all and every part of such Item of Equipment

free and clear of all Impositions which might in any way affect the title of the Owner or result in a lien upon any such Item of Equipment; provided, however, that the Manager shall not pay any Imposition of any kind so long as it is contesting in good faith and by appropriate legal proceedings such Imposition (and Manager agrees to contest those which it is customary in normal railcar operations to contest), provided, the nonpayment thereof does not, in the opinion of the Owner, adversely affect the title, property or rights of the Owner hereunder; and provided, further, that the Manager shall not be required to pay any Imposition or reimburse any person for any loss, cost or expense related to any Imposition which is the subject of any lien, charge, security interest or other encumbrance which the Manager is not required by Section 9 hereof to pay or discharge.

In the event any reports or returns with respect to Impositions are required to be made, the Manager will either make such reports in such manner as to show the interests of the Owner in such Items of Equipment or notify the Owner of such requirements and make such reports in such manner as shall be satisfactory to the Owner.

Section 11. CAR HIRE RELIEF.

The Manager shall have the authority to enter into arrangements with railroads to grant car hire reclaim relief in the Manager's discretion when deemed prudent to maximize revenues in respect to the Equipment.

Section 12. INSURANCE

12.1 Insurance.

(a) The Manager will maintain or cause to be maintained at all times during the term of this Agreement and any renewals thereof (and thereafter during the period in which the Equipment is being returned or stored pursuant to Section 14 hereof), with Aetna Life and Casualty or such other reputable insurance carriers and through such brokers as shall be directed in writing by Owner. Initially, and until otherwise directed by Owner, property insurance shall be in an amount equal to 105% of the initial purchase price per Car or, if a greater amount is required by the holder of the Lien, such greater amount, insuring against loss and destruction of, and damage to, such Item arising out of physical damage caused by fire, windstorm, explosion, and all other hazards and risks ordinarily subject to extended coverage insurance, and against such other hazards and risks as are customarily insured against by companies

owning or operating property of a similar character or engaged in a business similar to that engaged in by the Manager with a deductible amount not in excess of \$500 per Item of Equipment. All such insurance policies shall (i) name the Owner, Secured Party and any other party designated by Owner as insureds as their respective interests may appear, (ii) provide that the policies will not be invalidated as against the Owner because of any violation of a condition or warranty of the policy or the application therefor by the Manager, (iii) provide that the policies may be materially altered or cancelled by the insurer only after thirty (30) days prior written notice to the Owner, (iv) provide that the policies shall be prepaid a minimum of ninety (90) days in advance and (v) provide that all of the provisions thereof except the limits of liability (which shall be applicable to all insureds as a group) and liability for premiums shall operate in the same manner as if they were a separate policy covering each insured and shall be primary without right of contribution from any insurance carried by the Owner. Such insurance policies shall not have any co-insurance clauses or shall be in an amount sufficient to avoid co-insurance.

(b) The Manager will procure and maintain during the term of this Agreement, and any renewals thereof (and thereafter during the period in which the Equipment is being returned or stored pursuant to Section 14 hereof), with Aetna Life and Casualty or such other reputable insurance carriers and through such brokers as shall be directed in writing by Owner, comprehensive general liability insurance against bodily injury and third party property damage for each Item of Equipment with liability limits not less than \$3,000,000 and with no deductible. All such insurance policies shall (i) name the Owner, Secured Party and any other party designated by Owner as insureds as their respective interests may appear, (ii) provide that the policies will not be invalidated as against the Owner because of any violation of a condition or warranty of the policy or the application therefor by the Manager, (iii) provide that the policies may be materially altered or cancelled by the insurer only after thirty (30) days prior written notice to the Owner, (iv) provide that the policies shall be prepaid a minimum of ninety (90) days in advance and (v) provide that all of the provisions thereof except the limits of liability (which shall be applicable to all insureds as a group) and liability for premiums shall operate in the same manner as if they were a separate policy covering each insured and shall be primary without right of contribution from any insurance carried by Owner.

(c) Manager shall procure and maintain during the term of this Agreement such other insurance or different amounts or limits as Owner may, from time to time direct in writing or, if Manager is unable so to do, Owner may do so and be reimbursed therefor from Revenues as an Operating Expense.

The Manager shall deliver to the Owner, prior to the commencement of the term hereof for any Item of Equipment (and at such other time or times as the Owner may reasonably request) and from time to time, but within at least 15 days prior to the expiration date of each policy of such insurance in respect to insurance to be renewed by the Manager, a certificate signed by a firm of independent insurance brokers appointed by Owner, or if not, appointed by the Manager and not objected to by the Owner, showing the insurance then maintained, or to be maintained in the case of renewals, by the Manager pursuant to this Section 12 with respect to the Items of Equipment and the expiration date of each policy of such insurance, and stating the opinion of said firm that the insurance then carried and maintained, or to be carried and maintained, on or with respect to the Items of Equipment complies, or will comply, as the case may be, with the terms hereof; provided, however, that the Owner shall be under no duty to examine such certificate, opinion or other evidence of insurance, or to advise the Manager in the event that its insurance is not in compliance with this Agreement. Copies of all policies will be furnished to Owner promptly upon request, and originals to the Secured Party.

In the event of failure on the part of the Manager to provide and furnish any of the aforesaid insurance, the Owner, upon notice to the Manager, may procure such insurance and the Manager shall reimburse the Owner out of Revenues for all expenditures made by the Owner for such insurance, provided, however, that such expenditures are and shall continue to be an Operating Expense.

Section 12.2. Application of Insurance Proceeds. If any Item of Equipment is rendered unusable as a result of any physical damage to, or destruction of, the Equipment, Manager shall give to Owner immediate notice thereof. Manager shall determine within fifteen (15) days after the date of occurrence of such damage or destruction, whether such Item of Equipment can be repaired. Subject to the rights of Secured Party, In the event Manager determines that the Item of Equipment cannot be repaired, such proceeds shall be disbursed as provided above in Section 12.1(a)(i) and this Agreement shall terminate with respect to such Item of Equipment, except for obligations theretofore accrued hereunder. In the event Manager determines that such Item of Equipment can be repaired, Manager shall advise Owner of the cost thereof and, if approved by Owner, shall cause such Item of Equipment to be promptly repaired. Provided

Manager complies with its obligations under this Section to repair, subject to rights of Secured Party all proceeds of insurance received by Owner in respect of an Item repaired under the policies referred to above shall be paid to Manager.

Section 13. STATUS REPORTS AND INSPECTION.

13.1 Status Reports. On or before April 15 in each year, commencing with the year 1980, the Manager will furnish to the Owner an accurate statement as of the end of the preceding calendar year signed by the President or any Vice President of the Manager (a) showing the numbers of the Items of Equipment then managed hereunder, the amount, description and numbers of all Items of Equipment that have suffered any damage or loss during such calendar year (or since the date of this Agreement, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Owner may reasonably request, (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4 hereof shall have been preserved or replaced, (c) describing the insurance coverage maintained by the Manager pursuant to Section 12.1 hereof, and (d) stating that a review of the activities of the Manager during such year has been made under his supervision with a view to determining whether the Manager has kept, observed, performed and fulfilled all of its obligations under this Agreement and that to the best of his knowledge, the Manager has during such year kept, observed, performed and fulfilled all such covenants, obligations and conditions contained or referred herein, or if an Event of Default, or an event which with the passage of time or the giving of notice or both would cause an Event of Default, has occurred and is continuing, specifying such Event of Default and all such events and the nature and status thereof and what action the Lessee proposes to take with respect thereto.

13.2 Owner's Inspection Rights. The Owner shall have the right, at its sole cost and expense, by its authorized representative, to inspect the Equipment and the Manager's records with respect thereto, at such times during normal business hours as shall be reasonable to confirm to the Owner the existence and proper maintenance thereof during the continuance of this Agreement.

13.3 Other Reports and Inspection Rights. The Manager agrees that it will furnish, or cause to be furnished, to the Owner the following:

(a) Upon each disbursement date, a statement summarizing Gross Receipts, Operating Expenses, and Net Revenues in respect to the Equipment for the three months prior to such disbursement date and in addition on each March disbursement date a statement itemizing such utilization for the previous 12 months, the Maintenance Fee and Operating Expenses thereof, the Management Fees charged by the Manager in respect thereto and the disbursements made to the Owner; and

(b) such additional information as the Owner may reasonably request concerning the Manager, in order to enable Owner to determine whether the covenants, terms and provisions of this Agreement have been complied with by the Manager.

The Owner (or such persons as it may designate) may visit and inspect and examine as shall be reasonable the records or books of account of the Manager relating to the Equipment and to discuss the affairs, finances and accounts of the Manager relating to the Equipment with its officers and independent accountants, upon prior notice to the Manager, during normal business hours.

Section 14. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Agreement or any extension thereof, the Manager will, at the cost and expense of the Owner, deliver possession of the Equipment to the Owner upon such storage tracks within the continental United States and store the Equipment on such tracks for a period not exceeding 90 days and transport the same at any time within such 90-day period to any connecting carrier for shipment, all as directed by the Owner upon not less than thirty-five (35) days written notice to the Manager. During any such storage period the Owner or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Item of Equipment may inspect the same. All movement and storage of each Item of Equipment is to be at the risk and expense of the Owner except in the case of negligence or willful misconduct of the Manager, or of its employees or agents, resulting in the death of any person, any injury to any person or property or any damage to the Equipment while delivering possession of it to the Owner or storing it in accordance with this Section. All Revenues earned in respect of the Equipment after the date of termination of this Agreement, or any extension thereof, shall belong to the Owner and, subject to the rights of Secured Party, if received by the Manager, shall be promptly turned over to the Owner.

Section 15. DEFAULT.

15.1 Events of Default. If, during the continuance of this Agreement, one or more of the following events (each such event being herein called an Event of Default) shall occur and, if not otherwise provided, Owner has given notice thereof to Manager (although Manager shall not have time to cure except as expressly provided below):

(a) Default shall be made in the disbursement to Owner of any part of the net Revenues to be disbursed to Owner as provided in Section 2 hereof, and such default shall continue for twenty days after receipt of written notice that the same is due and payable; or

(b) Any representation or warranty made herein or pursuant hereto or in any statement or certificate furnished to the Owner pursuant to or in connection with this Agreement shall have been untrue in any material respect when made; or

(c) The Manager shall make or permit any unauthorized assignment or transfer of this Agreement or possession of the Equipment or any portion thereof; or

(d) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Manager contained herein and such default shall continue for (i) ten days, as to Section 22, or (ii) in other events, thirty-five (35) days, after written notice from the Owner specifying the default and demanding the same to be remedied; or

(e) Any proceedings shall be commenced by or against the Manager for any relief which includes, or might result in, any modification of the obligations of the Manager hereunder, under any bankruptcy or insolvency law or law relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Manager under this Agreement shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for

the Manager or for the property of the Manager in connection with any such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceeding shall have been commenced, whichever shall be earlier; or

(f) Any proceeding shall be commenced by or against the Manager for any relief which includes, or might result in, modification of the obligations of the Manager under this Agreement under any bankruptcy or insolvency law, or law relating to the relief of debtors, readjustments or indebtedness, reorganizations, arrangements, compositions or extensions, and unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue) and subsequently the Secured Party makes a determination within 60 days after the commencement of any such proceedings that it will be inadequately secured;

then, in any such case, the Owner, its successor and assigns, at its option, may:

(1) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Manager of the applicable covenants of this Agreement or to recover damages for the breach thereof, including reasonable attorneys' fees and expenses; or

(2) by notice in writing to the Manager, terminate this Agreement, whereupon all right of the Manager to manage of the Equipment shall absolutely cease and terminate as though this Agreement had never been made, but the Manager shall remain liable as hereinafter provided; provided, however, that the Owner shall have a right to recover from the Manager any and all amounts which under the terms of this Agreement may be then due or which may have accrued to the date of such termination.

In addition, the Manager shall be liable during or after the exercise of any of the foregoing remedies, for all reasonable attorneys' fees and other expenses by reason of the occurrence of an Event of Default or the exercise of the Owner's remedies in respect thereto and for damages as provided by law.

15.2 Cumulative Remedies. The remedies in this Agreement provided in favor of the Owner shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently, and shall be in addition to all other remedies in its favor existing at law or in equity.

15.3 Owner's Exercise of its Rights. The failure or delay of the Owner or its assigns to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies. The singular or partial exercise of any such right shall also not preclude any other or further exercise thereof, or the exercise of any other right of the Lessor hereunder.

Section 16. RETURN OF EQUIPMENT UPON DEFAULT.

16.1 Manager's Duty to Return. If the Owner or its assigns shall terminate this Agreement pursuant to Section 15 hereof, the Manager shall forthwith deliver possession of the Equipment to the Owner in the condition such Equipment is required to be maintained hereunder. For the purpose of delivering possession of any Item of Equipment to the Owner as above required, the Manager shall at its own cost, expense and risk:

(a) Forthwith, but in any event within 35 days, assemble and place each such Item of Equipment upon such storage tracks as the Owner may reasonably designate within the continental United States or, in the absence of such designation, as the Manager may select;

(b) provide storage at the risk of the Manager for each Item of Equipment on such tracks without charge for insurance, rent or storage until such Equipment has been sold, leased, or otherwise disposed of by the Owner; and

(c) transport the Equipment to any place of interchange on the lines of a railroad within a 25-mile radius of such storage tracks, all as the Owner may reasonably direct upon not less than thirty (30) days written notice to the Lessee.

16.2 Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are at the expense and risk of the Manager and are the essence of this Agreement, and upon application to any court of equity having jurisdiction in the premises, the Owners shall be entitled to a decree against the Manager requiring specific performance of the covenants of the Manager to so assemble, deliver, store and transport the Equipment.

16.3 Manager Waiver. The Manager hereby expressly waives any and all claims against the Owner and its assigns or agents for damages of whatever nature in connection with the retaking of any Item of Equipment in any reasonable manner.

Section 17. PERFORMANCE STANDARDS.

Manager agrees to use its best efforts to minimize maintenance, insurance, repair and other Operating Expenses. If Manager shall, directly or through any affiliated entity, furnish any work, labor, or materials as an Operating Expense, the cost thereof shall in no event exceed the normal and customary charges by private shops therefor.

If Manager shall fail to pay any Operating Expense when due, and after five (5) days written notice thereof by Owner, unless the payment thereof is deferred by contest being conducted by Manager, Owner may pay the same and Manager shall forthwith reimburse Owner out of Gross Receipts, which reimbursement shall be deemed an Operating Expense hereunder.

Manager agrees to perform its obligations hereunder with due diligence, in an efficient and proper manner, in accordance with the highest ethical and business standards of railcar management, and in the best interests of Owner.

So long as no Event of Default shall have occurred and be continuing hereunder and under the Security Agreement the Manager shall be entitled to the possession, use and management of the Items of Equipment in accordance with the terms of this Agreement but, without the prior consent of the Owner and any assignee thereof, the Manager shall not assign or transfer its interest under this Agreement in the Items of Equipment or any of them except, and then only so long as the Manager shall not then be in default under this Agreement and no Event of Default shall have occurred under the Security Agreement (and subject to this Agreement and to the rights of

the Owner hereunder, and without releasing the Manager from its obligations hereunder), under an agreement for use made to a railroad classified by the Interstate Commerce Commission as a Class I or Class II or Class III railroad; and the Manager shall not, without written consent, except as provided in this Section 17, part with the possession of, or suffer or allow to pass out of its possession or control, any of the Items of Equipment. Any use agreement so permitted shall be subject to the rights of the Owner in the event of the happening of an Event of Default, and shall be subordinate to the Security Agreement.

So long as the Manager shall not be in default under this Agreement, the Manager shall be entitled to the possession of the Items of Equipment and to the use of the Items of Equipment by it upon lines of railroads owned or operated by it or upon lines of railroads over which the Manager has or obtains trackage, or other operating rights or over which railroad equipment of the Manager is regularly operated pursuant to contract, and also to permit the use of the Items of Equipment upon connecting and other carriers in the usual interchange or traffic or pursuant to run-through agreements, but only upon and subject to all the terms and conditions of this Agreement; provided, however, that the Manager shall not assign or permit the assignment of any Item of Equipment to service involving the regular operation and maintenance thereof outside the United States of America.

Section 18. NO TRANSFER BY MANAGER.

Manager shall not, without first obtaining the written consent of Owner, which consent shall not be unreasonably withheld or delayed, sell, assign or transfer any or all of its rights or interests in, to or under this Agreement or the Equipment, except under an Underlying Agreement, but in any event Manager named herein shall remain liable for the full performance of all of the obligations of Manager under this Agreement.

Nothing in this Section 18 shall be deemed to restrict the right of the Manager to assign or transfer its interest under this Agreement in the Equipment or possession of the Equipment to any corporation, now controlled, under common control with or controlling Manager, (which shall have duly assumed in writing the obligations hereunder of Manager) into or with which the Manager shall have become merged or

consolidated or which shall have acquired all, or substantially all, or the property of the Manager; provided, however, that any such assignee, successor or transferee will not, after giving effect to such merger or consolidation or acquisition of properties, (a) be in default under any provisions of this Agreement, (b) have a net worth (determined in accordance with generally accepted principles of accounting) less than 90% of that of the Manager immediately preceding such merger, consolidation or acquisition, and (c) have altered in any way the Manager's obligations to the Owner hereunder which shall be and remain those of a principal and not a guarantor.

Section 19. CANCELLATION.

Owner reserves the right to cancel and terminate this Agreement and all rights of Manager hereunder upon any sale or other disposition of any of the Equipment at any time after the fifth anniversary of the date of this Agreement. If only a portion of the Equipment is so sold or transferred, this Agreement shall terminate only to the extent thereof. Manager reserves the right to cancel and terminate this Agreement at any time after the fifth, but prior to the eighth, anniversary of the date of this Agreement, upon 30 days prior written notice to owner. All payments due hereunder shall be promptly computed and paid as of the date of such cancellation.

Section 20. NO JOINT VENTURE OR PARTNERSHIP.

Owner and Manager recognize and acknowledge that this Agreement is not intended to create a partnership, joint venture or other entity between Owner and Manager. Manager shall not take any action or engage in any course of dealing which would suggest or create an inference that there is any such understanding or agreement. Manager shall not have any authority to (i) offer for sale, contract or agree to sell or sell any Cars except as Owner may from time to time hereafter expressly request or direct; or (ii) cause the Cars to be reclassified without the consent of Owner.

Section 21. FOREIGN USAGE.

Manager shall promptly report to Owner any usage of any Car outside of the United States. Manager shall not

permit any Car to be used in a manner or by an entity which might, immediately or upon the passage of time, cause a loss of the tax credit to Owner under Section 38 (and related sections) of the Internal Revenue Code of 1954, as amended.

Section 22. COMPLIANCE WITH FINANCE AGREEMENT.

Manager has examined a full copy of the Finance Agreement. Owner is relying upon Manager to perform its duties hereunder in a manner which complies with and will not cause a default to occur under the Finance Agreement and, subject to Owner's reimbursement obligations under Section 2.1, Manager agrees so to perform.

Section 23. PARITY LOADING.

Manager represents that it heretofore has not, and agrees that it will not hereafter, enter into any agreement to load railroad cars not owned by Manager or any parent, affiliate or subsidiary ("Non-Owned Cars"), nor engage in any course of practice by which it loads Non-Owned Cars, in preference to any of the Equipment, and that all Non-Owned Cars, including the Equipment, will be treated with commercially reasonable parity, although Non-Owned Cars other than the Equipment may be treated with less than parity. In all events, Manager will load the Cars prior to loading any railcars owned by Manager or any parent, affiliate or subsidiary.

Section 24. SUBORDINATION.

This Agreement and Manager's authority and rights hereunder are subject and subordinate in all respects to the lien and security interest upon the Cars and revenues generated thereby held by Secured Party to whom Owner has granted a security interest in the Cars.

Section 25. REPRESENTATIONS.

25.1 Representations and Warranties of Manager.
Manager represents and warrants to, and covenants and agrees with, Owner as follows:

(a) Manager is a corporation duly and validly organized and existing in good standing under the laws of the state of its incorporation and has all corporate power and authority to own its properties and carry on its business in the places where such properties are located and such business is conducted.

(b) Manager has the power and authority to enter into this Agreement. There is no action, suit or proceeding pending against Manager before or by any court, administrative agency or other governmental authority which brings into question the validity of, or might in any way impair, the execution, delivery or performance by Manager of this Agreement.

(c) The execution and delivery of this Agreement by Manager and the performance by it of its obligations hereunder, have been duly authorized by all necessary corporate action of Manager and do not violate or conflict with (i) any provision of Manager's Certificate of Incorporation or By-Laws, (ii) any law or any order, writ, injunction, decree, rule or regulation of any court, administrative agency or any other governmental authority, or (iii) any agreement to which Manager is a party or by which Manager is bound.

(d) This Agreement constitutes the valid and binding obligations of Manager enforceable in accordance with its respective terms, subject, however, to laws of general application affecting creditors' rights.

(e) Manager is not subject to any restriction, indenture or agreement (including, without limitation, any agreements creating or relating to the lien of Secured Party) which, with or without the giving of notice, the passage of time, or both, prohibits or would be violated by, the execution, delivery and consummation of this Agreement or which, except for the lien of Secured Party, by its terms causes or will cause any security interest to attach to the Equipment. All consents necessary for such execution, delivery or consummation by Manager have been obtained.

(f) There is no action, suit or proceeding pending against Seller before or by any court, administrative agency or other governmental authority which brings into question the validity of, or might in any way impair, the execution and delivery by Manager of this Agreement and the performance by Manager of its obligations hereunder.

25.2 Representations and Warranties of the Owner.
The Owner represents and warrants to, and agrees with, the Manager as follows:

(a) Owner has the power and authority to enter into this Agreement and to carry out the transactions contemplated hereunder and the execution, delivery and performance of this Agreement by Owner have been duly authorized by all necessary action of Owner.

(b) The execution and delivery of this Agreement and the performance by it of its obligations hereunder do not violate or conflict with, (i) any law or any order, writ, injunction, decree, rule or regulation of any court, administrative agency or any other governmental authority, or (ii) any agreement to which Owner is a party or by which Owner is bound. There is no action, suit or proceeding against Owner before any court, administrative agency or other governmental authority which brings into question the validity of, or might in any way impair, the execution, delivery or performance by Owner of this Agreement.

(c) This Agreement constitutes the valid and binding obligations of Owner enforceable in accordance with their respective terms, subject, however, to laws of general application affecting creditors' rights.

(d) Owner is not subject to any restriction or agreement which, with or without the giving of notice, the passage of time, or both, prohibits or would be violated by, the execution, delivery and consummation of this Agreement and transactions herein referred to. No consents are necessary for such execution, delivery and consummation by Owner.

(e) Owner is not a party to any indenture, mortgage, deed of trust or other written agreement of any nature whatsoever which by its terms causes any security interest to attach or hereafter to attach to the Equipment in any manner except the lien.

Section 26. MISCELLANEOUS.

26.1 Additional Documents. Each party hereto shall execute and deliver all such further instruments and documents as may reasonably be requested by the other party in order to fully carry out the intent and accomplish the purposes of this Agreement and the transactions referred to herein.

26.2 Notices. Any notice, request or communication required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mail, first class, postage prepaid, addressed as follows:

If to the Manager:

Funding Systems Railcars, Inc.
c/o FSC Corporation
Suite 404
1000 RIDC Plaza
Pittsburgh, PA 15238

ATTENTION: Allen E. Nugent, II
Vice President

If to the Owner:

The Swig Investment Company
950 Mason Street
San Francisco, California 94106

plus such one additional addressee as either may designate by notice hereunder, or addressed to any such party at such other address as such party shall hereafter furnish to such other parties in writing.

26.3 Approvals and Consents. Any approval or consent by Owner called for hereunder shall be deemed given if no objection has been received by Manager within 30 days from the giving of notice or request for approval or consent relating thereto.

26.4 Amendments. This Agreement may be amended or varied only by a document, in writing, of even or subsequent date hereto, executed by Owner and Manager.

26.5 Successors and Assigns. Subject to the provisions of Section 18, all covenants and agreements contained in this Agreement shall bind and Owner and shall inure to the benefit of the successors, assigns, and transferees of Manager, to the extent assignment is permitted hereunder,

and Owner, in the same manner and to the same extent and with like effect as if such successors and assigns were named in such covenants and agreements and were made parties to this Agreement. Except as provided for in this Section 21 nothing contained in this Agreement is intended to create any rights in any third persons, including, without limitation, any Users or any persons claiming through or under any Users.

26.6 Execution in Counterparts. This Agreement may be executed in several counterparts, but the counterpart delivered to the Interstate Commerce Commission for recordation and subsequently redelivered to the Secured Party shall be deemed to be the original counterpart.

26.7 Law Governing. This Agreement shall be construed in accordance with the laws of the Commonwealth of Pennsylvania; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303 of the Interstate Commerce Act and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

26.8 Headings and Table of Contents. All Section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

26.9 Severability; Effect and Modification of the Agreement. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall be as to such jurisdiction ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any

jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereto duly authorized and their corporate seals to be hereto affixed as of the day and year first above written.

[CORPORATE SEAL]

UPPER MERION AND PLYMOUTH RAILROAD
COMPANY

ATTEST:

By _____

By H. L. Behm
Vice President & Treasurer

~~[CORPORATE SEAL]~~

THE SWIG INVESTMENT COMPANY

~~ATTEST:~~

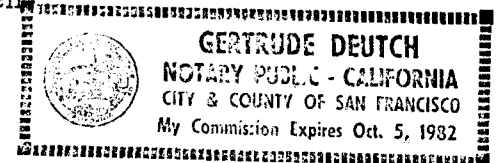
~~By~~ _____

By Berj. W. Swig
Mellon M. Swig

STATE OF California)
 : ss.:
COUNTY OF San Francisco)

On this 6th day of August, 1979, before me personally appeared Melvin M. Swig and Benj. H. Swig, to me personally known, who being by me duly sworn, did depose and say that ~~they~~ ^{are} ~~is~~ a ~~managers~~ of The Swig Investment Company, a general partnership organized under the laws of the State of California, the partnership described in and who executed the foregoing Agreement and ~~they~~ ^{they} acknowledged the foregoing Agreement as ~~his~~ ^{their} free act and deed.

Gertrude Deutch
Notary Public
Gertrude Deutch



STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On this 8th day of August, 1979, before me personally appeared Harold Lehman, to me personally known, who being by me duly sworn, did depose and say that he is the Vice President of Upper Merion and Plymouth Railroad Company, the corporation which executed the foregoing Agreement and that the seal affixed to the foregoing Agreement is the corporate seal of said corporation, that said Agreement was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing Agreement was the free act and deed of said corporation.



Notary Public

DONNA J. SHEEHAN
Notary Public, State of New York
No. 31-4622573
Qualified in New York County
Term Expires March 30, 1980

SCHEDULE A

The Equipment consists of one hundred (100)
100 ton Chessie System Design, open top hopper cars bearing
identifying numbers as follows:

UMP6820 through UMP6919, inclusive, manufactured
by The Chessie Corporation under Agreement made with Funding
Systems Railcars, Inc. dated June 12, 1979.

SCHEDULE B

CERTIFICATE OF ACCEPTANCE UNDER
MANAGEMENT AGREEMENT

TO:

I hereby certify that I am a duly appointed and authorized representative of Upper Merion and Plymouth Railroad Company under that certain Management Agreement dated as of August 8, 1979 with the Swig Investment Company.

I further certify that I have inspected, received, approved and accepted delivery under the Management Agreement of the following Items of Equipment:

TYPE OF EQUIPMENT:

PLACE ACCEPTED:

NUMBER OF UNITS:

MARKED AND NUMBERED:

and certify to the matters described in Section 1.2 of said Management Agreement.

The execution of this Certificate will in no way relieve or decrease the responsibility of the Builder for any warranties it has made with respect to the Equipment.

Dated: _____, 19__
